

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 SSO-00 NSCE-00
USIE-00 INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01
TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 GSA-02 OIC-02
AF-10 NEA-10 /141 R

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APPROVED BY EB/ORF:SWBOSWORTH
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FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK IMMEDIATE
AMEMBASSY JAKARTA IMMEDIATE
AMEMBASSY KUALA LUMPUR IMMEDIATE
AMEMBASSY LONDON PRIORITY
AMEMBASSY LA PAZ IMMEDIATE

C O N F I D E N T I A L STATE 084659

E.O. 11652: GDS

TAGS: EMIN, ITC

SUBJECT: THE ITC APRIL MEETING

1. SINCE THE JANUARY MEETING OF THE ITC, THE USG HAS BEEN
ENGAGED IN AN EXTENSIVE EXAMINATION OF THE INTERNATIONAL
TIN INDUSTRY AND A REVIEW OF OUR RELATIONS WITH THE ITC.
THE REVIEW HAS FOCUSED ON THE LACK OF SUPPLY RESPONSE TO
RECENT HIGH PRICES; THE WIDTH OF THE ITC BUFFER STOCK PRICE
RANGE; OPERATION OF THE ITC BUFFER STOCK; AND CURRENT AND
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PROJECTED TIN PRICES WITH AND WITHOUT GSA TIN DISPOSALS.
WE HAVE ALSO EXAMINED INVESTMENT AND OTHER AREAS THAT AFFECT
THE SUPPLY AND DEMAND FOR TIN.

2. THIS EXAMINATION HAS BEEN COMPLICATED BY UNCERTAINTY
RELATING TO CONGRESSIONAL AUTHORIZATION OF GSA TIN DIS-
POSALS; THE PROJECTIONS FOR A CONTINUING TIN PRODUCTION

DEFICIT THROUGH 1978 AND INTO 1979; AND THE DOWNWARD TREND IN TIN PRICES SINCE OCTOBER 1977. GIVEN THE GENERALLY UNCERTAIN STATE OF THE MARKET AND THE FACT THAT NO NEW DATA HAVE BEEN DEVELOPED SINCE THE JANUARY MEETING THAT WOULD JUSTIFY A PRICE RANGE INCREASE, THE U.S. BELIEVES THAT THE ITC AT ITS APRIL MEETING SHOULD DEFER THE PRICE RANGE ISSUE TO THE JULY MEETING OF THE COUNCIL. THIS WOULD (1) ALLOW TIME FOR THE MARKET SITUATION TO BECOME

CLEARER; (2) ENABLE THE ITC'S ECONOMIC AND PRICE REVIEW PANEL (EPRP) TO REVIEW THE MOST RECENT INDUSTRY AND TRADE IN JUNE AS CALLED FOR IN THE NEW PROCEDURES FOR PRICE REVIEW ESTABLISHED BY THE COUNCIL AT ITS FIFTH SESSION IN MARCH 1977, AND (3) ALLOW TIME FOR BILATERAL CONSULTATIONS BETWEEN PRODUCERS AND CONSUMERS TO DISCUSS THE RANGE OF ISSUES AFFECTING THE SUPPLY-DEMAND BALANCE FOR TIN.

3. MISSIONS ARE REQUESTED TO APPROACH HOST GOVERNMENTS PRIOR TO THE APRIL 5 MEETING OF PRODUCERS IN JAKARTA TO SOLICIT THEIR SUPPORT FOR DEFERRAL OF THE PRICE RANGE ISSUE FROM THE APRIL TO THE JULY MEETING OF THE COUNCIL. IN MAKING THIS APPROACH, POSTS MAY DRAW ON THE REASONS OUTLINED IN PARA 2 ABOVE AND MAY MAKE THE FOLLOWING ADDITIONAL POINTS:

-- THE PRICE RANGE REVIEW ORIGINALLY WAS SCHEDULED FOR JULY
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FOLLOWING THE EPRP'S JUNE EXAMINATION OF THE INDUSTRY. THE PRICE RANGE ISSUE WAS REVIEWED EXTENSIVELY AT THE JANUARY SESSION. TO REVIEW IT AGAIN IN APRIL IS IN CONFLICT WITH THE PRICE REVIEW PROCEDURES ESTABLISHED IN 1977 AND COULD RESULT IN A REVERSION TO THE QUARTERLY PRICE SQUABBLES THAT CHARACTERIZED PRIOR MEETINGS OF THE COUNCIL.

-- BY JULY WE MAY HAVE A CLEARER PICTURE OF THE 1978 PRODUCTION DEFICIT AND CONGRESSIONAL AUTHORIZATION FOR GSA TIN DISPOSALS, BOTH OF WHICH COULD AFFECT THE COUNCIL'S DECISIONS ON THE PRICE RANGE.

-- WE LOOK TO THE MODERATE TIN PRODUCERS OF SOUTHEAST ASIA TO ASSIST US IN AVOIDING WHAT OTHERWISE COULD BE A CONFRONTATION ON PRICES AT THE APRIL SESSION.

-- WE ARE PREPARED TO CONSULT BILATERALLY WITH PRODUCERS ON THE WHOLE RANGE OF ISSUES RELATING TO THE TIN INDUSTRY BETWEEN THE APRIL AND JULY SESSION OF THE COUNCIL.

4. ADDITIONALLY, POSTS SHOULD ADVISE HOST GOVERNMENTS THAT IF PRODUCERS PRESS THE ISSUE IN APRIL, THE UNITED STATES

WILL OPPOSE A PRICE RANGE INCREASE AS BEING UNJUSTIFIED,
AND WILL SEEK SUPPORT FROM THOSE LIKE-MINDED CONSUMERS WHO
OPPOSED THE PRICE RANGE INCREASE IN JANUARY.

5. FOR LA PAZ: WE RECOGNIZE THAT THE BOLIVIANS ARE
UNLIKELY TO FAVOR A DEFERRAL OF THE PRICE ISSUE TO THE JULY
SESSION OF THE COUNCIL. HOWEVER, WE BELIEVE THERE MAY BE
SOME ADVANTAGE TO THE EMBASSY APPROACHING THE GOB TO
SOLICIT ITS SUPPORT FOR A DEFERRAL AS BEING THE BEST WAY

TO AVOID YET ANOTHER CONFRONTATION IN THE ITC. WE LEAVE
IT TO THE POST'S JUDGMENT AS TO WHETHER IT SHOULD DISCUSS
THE ISSUE WITH THE GOB.

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6. PLEASE ADVISE DEPT OF HOST GOVERNMENT REACTIONS. COOPER

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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